

**BUDGET WORKSHOP  
MAY 14, 2013 – 10:00 A.M.  
TOWN HALL**

**I. CALL TO ORDER**

The meeting was called to order at 10:03 A.M. by President Pat Correll. Present: Commissioners Paul Kovack, Sharon McDowell, Jay Mervine, Lawrence Tassone and Town Manager (TM) Jesse Savage.

**II. QUORUM PRESENT**

President Correll advised a quorum was present to conduct a Budget Workshop; all Commissioners were in attendance.

**III. REVIEW AND POSSIBLE ADOPTION OF PROPOSED FY-14 BUDGET**

President Correll advised the FY-14 Budget must be adopted by the beginning of June. TM Savage reported this budget is draft #2. The dept. heads spent March and April preparing their new budgets and meeting with TM Savage. The budget is currently \$150,000 from being balanced. The options include raising fees or using reserve funds, which the Commissioners have done in the past. President Correll advised reserve funds should be used very carefully. Documentation of the current reserved funds is included in the Commissioners' packets.

General Discussion of the State of the Town:

- There is no single factor for the shortfall in funds. Water usage is down, as people are conserving.
- Wastewater is down significantly and has lost \$20,000 in revenue in the last three years.
- Tax base doesn't increase much.
- Verizon decreases 10-15% each year in taxes (utilities aging).
- Understaffed at Police Department this year – next year will bring 3 new officers + automatic promotions, which will be difficult.
- Worker's Compensation has increased approximately 19%.
- Police building needs repairs – Add on at Town Hall? New building?
- Upcoming Water & Sewer Projects – Loans possible; however, the sentiment of the community is no new loans. Set aside monies, use reserve funds or wait for emergency with high interest loans.
- Loan for new water meters would cover all but Heritage Shores (1/10 replaced each year).
- TM Savage would like to see money set aside for capital projects. The Town has a capital projects list, but he is not recommending pursuing it in next budget year.
- Town down-sized by one position when Mr. Savage became Town Manager/Finance Director.
- Water decrease attributable to old water meters; quality decreases with time. Even Phase I Heritage Shores meters are deteriorating. Not a true measure of water usage and source of lost revenue.
- Irrigation with separate meters has been helpful.
- 20,000 gallons leave the well house – true reading – ideal amount of I & I would be 5-10% loss.
- There are still unmetered customers and we need an accurate usage. 10-15 customers on Earle Ave. have unlimited water and only pay \$24/mo. for sewer services. Both Water and Wastewater Facility Plans intend to cover this issue. These households need metering; they do pay in lieu of taxes. The Town must entice them to install water meters. TM Savage recommended charging them for 6,000 gallons per month, or installing a meter for exact usage. Choice would be theirs.

- 20% of water supply is unaccounted for; must cut by at least 50%. Meter replacement is fair to all (Water Superintendent Kimball will use a meter to account for water lost in hydrant flushes.)
- Last water fee increase was in 2008. Need to address every 2-3 years.
- Need approved capital plan to move forward. Currently we have enough money in the water/sewer accounts to fund capital projects – these are revenue-generating departments. Taxes should cover operations. The income from the Administrative, Police and Street depts. should cover the expenses.
- Past – reduced meter fee from \$7 to \$3.50 – money should have been set aside for meter replacements, but was needed to balance yearly budget. Also, there used to be a capitation tax in Town. The Water dept. is bringing in \$40,000 more than it spends; we shouldn't increase water fees. If we had adequate monies to fund the other depts., we could set aside the \$40,000 from the Water Dept. for capital projects yearly. The Wastewater Dept. also pays for itself, but with a lower profit than the Water Dept. The Admin/Police/Street (General Fund depts.) have an over \$200,000 deficit. These are paid-for by Town taxes. They are considered operating expenses.
- The Town does not receive its fair share of Police fines; however, there has been a significant increase in ticket-writing. Currently we receive 18% of tickets written. On the Special Traffic Enforcement the Commissioners approved – officers worked 82 hours to-date, wrote 200 tickets for \$11,314 and it has cost the Town \$2,500 in payroll. We anticipate getting one-half of fines back. Our best guess is a net \$3,100 profit from that program.
- Commissioner Kovack suggested going back to an Alderman's Court to keep fine money in the Town. It would necessitate a code change, as an Alderman's Court is no longer in our charter, as well as Governor approval to revert to that system.
- Wastewater fluctuates (i.e. commercial busier in the summer months)
- Water fluctuates with summer irrigation. (No sewer charge on irrigation accounts.) Some Towns charge a flat rate for water that is sufficient to cover all expenses. A referendum in Seaford to install water meters failed and there was no charge to install meters. Heritage Shores residents have irrigation meters and an additional 10-20 customers have installed irrigation meters.
- There was a brief discussion of a possible need for amplification in the Commission meeting room and an upgraded recording system. It was determined we do not need any changes at this time.

### **Administration**

- Building Permits – 30 budgeted (already released 33 permits this year).
- 3005A – involves homes that are built and sold within the same property tax year.
- 3005 – Town assessment increased to \$25,744,600.
- 3008 – The Town may be closer to \$200,000 in transfer tax (anticipate \$190,000 this fiscal year.) It was decided to leave this category at \$150,000.
- Increasing contractor fees suggested; raising it will not increase revenues significantly.
- 4004 – Used pick-up truck purchase for the Code Dept. has helped this budget significantly; the Code dept. vehicle desperately needed replacement.
- Commissioner Tassone recommended buying items out of this year's surplus. TM Savage will meet with dept. heads after budget approval to pursue purchases with this year's monies. There is generally a surplus of approximately \$100,000 at year's end.
- 4007 – The Town generally receives Clean-up Day credits from our senator and representative.
- 4015C – Possible GPS system for all Town vehicles (\$14,000 thru state contract). Half for GPS/half for software. Will look for grant money or possibly remove the line item.
- 4110 – Possible engineering fees for Police dept. building repair (+ \$3,000 from Police budget).
- 4120 – Insurance increased for new equipment/property + worker's comp.

- 4180 – Salaries: 1% cost of living increase/\$300 for years of service/1-3% merit increase. TM Savage would rather see a merit than a COLA increase. It was clarified we have included COLA since the Town adopted the pay scale in 2005. Police have guaranteed promotions.
- 4241 – Anticipate better gas mileage with newer truck. Employees have been given an opportunity to bid on the Ram truck. The Town also has a 2003 police car (with cage) that might be purchased by the Kent County SPCA. (Received Code truck from SPCA.) There are two new Police cars in this budget and two old cars will be sold. The county will provide \$25,000 for a Police car. We will lease to own and spread out the costs, as other Police depts. are doing. According to our bond council, there is no reason we can't lease. The Code dept. car is in very poor shape. The alternator will be removed and put in another vehicle. (Perhaps sell for scrap.)

### **Police Department**

- 3020 – Chief believes the dept. can increase their fines to \$80,000. (Includes SEU program.)
- 3030 – Grant funds will help with equipment for the new vehicles.
- 3031 – Police Pension Fund – currently have smaller qualifying number.
- Donation money is available for canine unit expenses.
- Woodbridge is working on a grant for an SRO in the school. They would pay the Town for an off-duty Bridgeville police officer to be in the school. We pay overtime – school reimburses. The state legislature is working to put SRO's back in the schools. TM Savage believes responding to a school incident is the same as responding to an incident at Jeff's Tap Room. Commissioner Mervine believes the school is unfairly using our officers. Commissioner Kovack added the school is state property and all of the students are not Bridgeville residents. There was a long discussion concerning the state's responsibility in the schools vs. the Town Police's responsibility. Commissioner Mervine does not believe our Police dept. can handle all the needs at the school next year. The school district "working on a grant" isn't enough. President Correll advised she will find out what is happening in the Legislature concerning this issue before she confronts the school district about appropriate manpower in the schools. President Correll has seen retired people outside the Seaford schools making sure the students get to where they need to go. Commissioner Mervine believes the school district is taking advantage of the Town's kindness; we can't give full-time service just because the school district doesn't budget for safety officers. Bridgeville will lose the high school when the new campus opens. TM Savage believes the school is like any resident; we are responsible to respond. President Correll believes there is a lack of communication and full disclosure about incidents in the school and it is important to be informed of all incidents. Currently, the middle school has the most problems.
- 3033 – Woodbridge after-school events – special duty overtime (Town charges \$45/hr. and pays \$40)
- 4110 – Engineering Fees - \$3,000 (+ \$2,000 from Admin. for possible bldg change/renovation)
- 4111 – One new Lidar unit for speeding.
- 4147 – \$2,000 to upgrade phone system (must be a system that will move with the dept.)
- 4147 – Pension cost up to a little over 15%.
- 4170 – Repairs to air conditioning.
- 4181A – Holiday Pay – an officer who is off duty on a holiday still gets paid for eight hours. TM Savage will research options and how other like-sized depts. handle this issue. Currently, \$15,000 is paid in holiday pay. (It was noted that \$15,000 is 10% of the budget shortfall.) When TM Walls was here the overtime was researched and we discovered our policy was typical.
- 4181C – Police officers get straight pay when on court standby. The Water/Wastewater operators are "on call" all hours of day or night without additional pay. Police officers are also paid if they go to court. It was made a line item so it could be tracked this year.

- 4181D – A new Special Enforcement Unit is working four-hour shifts strictly on traffic. There is approximately \$3,200 in increased revenue due to this practice, as mentioned earlier.
- 4241 – The Town does not have a contract for fuel. There is fuel available through the state contract, which is cheaper, but you need a tank, which Superintendent Passwaters is investigating (cost for set-up.) We have a fleet card through Wright's Express and we don't pay taxes at that location. Most fill-ups are in Bridgeville.

Commissioner Mervine made a motion to recess at 12:05 P.M. Commissioner McDowell seconded the motion. Motion carried.

Commissioner Kovack made a motion to return from recess at 12:30 P.M. Commissioner Tassone seconded the motion. Motion carried.

- Police dept. budget has increased from \$553,846 in 2013 to \$720,650 in 2014. This increase is approximately 80% of our overage in the complete budget: \$55,550 salary increase; \$15,000 overtime; plus an insurance increase. Almost \$600,000 of it is payroll. Commissioner Kovack reiterated that the Town must pursue remuneration for time spent in the schools. Many of the increases are out of our control. TM Savage advised we are a year behind in replacing vehicles and are going to replace two this year. There may be money from the sale of older vehicles; however, we can't anticipate how much. He is also doubtful the dept. will need as much in the #4240 – vehicle expense column; it may be lower.
- Commissioner Tassone is anxious that the depts. use un-needed funds in this year's budget to buy ahead items from next year's budget. That may greatly reduce the \$150,000 that we need to cut from next year's budget. TM Savage again advised we typically have \$100,000 left at the end of the budget year.

### **Police Promotions**

- Patrolman to Patrolman 1<sup>st</sup> Class – Hogan/McQuown (minimum 2 years).
- 3 Academy Recruits – \$3,000 increase upon graduation to \$33,000.
- As currently written, officers receive a \$2,000 increase for promotion.
- Requirements for Corporal – 2 consecutive promotable evaluations; satisfactory completion of 3 yrs. at PFC.
- Are police promotions automatic? TM Savage does not believe they should be, as eventually you will have too many high-ranking officers and no patrolmen. Per Commissioner Kovack, they are eligible, but it should depend on dept. needs. He believes the Patrolman to PFC should be automatic (formality); but the other promotions should be by need.
- Promotions are recommendations from the Police Chief.
- Burke Parker has been a Sergeant for at least two years – Lieutenant would be next. The Police Chief did not include a recommendation for promotion concerning Parker.
- 2008 Pay Scale Recommendations: (in Personnel Policy – according to availability of funds) – \$300 per year raise for service completed/cost of living adjustment (COLA) 1-3%/merit increase (possible)  
\$2,000 minimum increase for promotions/\$1,000 for successful completion of Town-required classes. The Commission has the flexibility to change these salary recommendations.
- President Correll suggested those employees who receive years completed/COLA/promotion and merit raises should “find a new home” if they are still dissatisfied.

- Commissioner Mervine believes the Town is too small to need more than one Sergeant. Parker is going on 11 years in Bridgeville – President Correll stated that Lewes has pursued Parker in the past and that judges have often commented on Parker’s professionalism.
- Commissioner Mervine suggested establishing a committee to make payroll policy recommendations.
- Our only promotions have been in the Police Dept.
- History of Raises – FY-08 – no increases in pay                      FY-09 – increases in pay  
    FY-10 & FY-11 – no increases in pay                      FY-12 & – increases in pay

### **Street Department**

- 4015C – Dump truck – transmission problems, etc.; however, the snow plow won’t transfer to another vehicle. The salt spreader will work on all vehicles. Street Dept. reserve will be used for needed equipment. Bringing \$9,700 over from Street Dept. reserves (#3300), which has a balance of \$57,000.
- 4015C – Plow for 2012 F250 and purchase a salt spreader for all vehicles. Present salt spreader fits on the old dump truck, but will not transfer to the utility body trucks. The 15 year-old truck w/ plow and salt spreader is becoming unreliable. TM Savage is suggesting purchasing in advance of a winter snow problem. The plowing can be accomplished quicker with this purchase and the Town may gain three new Heritage Shores streets this year; one of which is the longest. Would use reserve funds for purchase. Each dept. has monies set aside for capital and reserve needs.
- A \$30-35,000 tractor at the Wastewater Dept. was mentioned. Superintendent Collins has not requested new equipment for this budget year. The tractor is used to pull the bush hog at the spray irrigation site and is adequate. If there are problems with ruts, they will bring in the backhoe.
- Commissioner Tassone is concerned that we do not let the residents down when it comes to snow removal. In 2009 we had back-to-back storms and the snowplow truck went down. That should not happen again. TM Savage believes a new snow plow is more important than a new tractor at the spray irrigation site.
- Christmas tree lighting – this electrical expense has been moved to general expenses. President Correll is uncertain who owns the Christmas lights; they were originally paid for jointly by Lions/Lioness/Kiwanis/Town. Kiwanis currently takes care of installation, new bulbs, etc. The Church St. lights need repairs in the amount of \$800-1,000. Kiwanian Richard Beauchamp is asking the Town to pay a portion of the expense. TM Savage advised the Town is in a position financially to assist with the cost of repairs. President Correll suggested if the Kiwanis would give the Town a weekend at the BBQ stand, we could raise the money needed for the lights. (Would need a total of 6 people to work.)
- It was clarified the trailer behind the Town Hall parking lot is owned by the Lions Club. TM Savage has concerns about it if the Town enlarges the parking lot or needs that land for something else.
- 4111 – The Town has not heard back from Fire Chief, Jack Cannon, about a controled burn for the Town. It has been approximately eight months since the Town requested the assistance. The burning ban is on.
- 4181 – Covers Superintendent Passwaters’ overtime for the Apple Scrapple Festival.
- 4205 – \$2,000 to remove Town-owned trees in the devil strip. TM Savage will soon bring an Ordinance to the Commissioners that addresses the devil strip trees.
- 4220 – We are saving money on electric rates, but not on any energy-efficient “green” changes that were made with our grant. Additional improvements are being made; however, the rates increase and we never get ahead. The Town has negotiated a rate with Washington Gas. New pumps in the well houses should be more energy-efficient. It is difficult to calculate savings due to unexpected circumstances.

- 4240 – Spring maintenance costs on the street sweeper will be added to this category. Commissioner Mervine questioned the benefit of the street sweeper. President Correll reported people are getting grass from lawnmowers on the streets, which is not acceptable, as the storm drains cannot handle it. Commissioners should contact TM Savage and make him aware of any homeowners who are letting their grass collect in the street.

### **Wastewater**

- 3017 – Involves mostly EDU penalties – commercial/industrial going over allocation. Part of the EDU problem has been solved at Heritage Shores. TM Savage just sent them a fine this past month. Commissioner Tassone would like to stay informed about the matter. If H.S. is short on EDU's he will raise the issue at the H.O.A. meeting. They were short in April 6 EDU's and were fined \$1,500. (\$250 per EDU.)
- Impact fees are being used to pay outstanding loans. We will be abandoning the RBC's; we never received the full loan amount, only a portion.
- 4117 –Our Wastewater operators do not believe it is worth the time and effort to try to sell our sludge. TM Savage will look into this further.
- 4135 – Includes \$3,500 to rent and dump the dumpster; \$1,500 – 3,000 to clean raw well; generator fuel \$3,000; oil filters; etc. An \$8,000 building over the control station at the spray irrigation site was questioned; could possibly do in-house, but would not pay that much money for a cover over equipment. President Correll recommended checking dumpster prices; may find a better price.
- The garbage/recycling contract continues until October 2014. TM Savage wonders if the Town should continue to be involved since residents can arrange for garbage collection with any provider. The residents are getting a better deal by going through the Town contract. We currently have at least 3 trash companies operating in Town. Concerning recycling, several Commissioners would prefer that recycling be picked-up weekly.
- The Greenwood Agreement was questioned; Greenwood has a meeting with USDA on May 20<sup>th</sup>.
- 4180 – No Returns Day off this year.
- 4181 – TM Savage suggested saving weekend overtime in the Water Dept. by having an employee work two half-days during the week or taking one weekday off before their weekend shift. He does not believe there is support for this among the employees who work the weekend shifts.

### **Water Department**

- Water fees have been down.
- 3300 – covers water meter purchases (back-up stock for new homes, etc.)
- Anxious to be able to meter the Fire Company's water. A \$2,000 – 3,000 loan is in the works for that meter. The Fire Company has been told they will not need to purchase the meter.
- 4025 – Scott Kimball has asked to finish his degree (Chemistry, computer, etc.) He would be eligible for reimbursement of partial class fees. (up to \$1,200)
- 4125 – A large portion of this expense is for the new tower maintenance contracts.
- A Source Water Ordinance must be adopted concerning the maintenance, etc. of our wells. Davis, Bowen & Friedel discussed it during the Master Plan process. We do not currently have a draft document for review.
- 4180 – Salary includes 1/3 of the Administrative Department.
- TM Savage asked to address impact fees and is proposing lowering them; water/sewer impact fees currently total \$10,000.  
Water – Currently we have 5,122 EDU's of capacity. Our debt (principal/interest) is \$2,512,835. This translates to \$500 per EDU.

- Heritage Shores has a developer's agreement for \$3,000 impact fees; at the beginning of the project that fee was greater than the \$1,080 on the books at the time. We still don't receive those impact fees, as they go directly to pay for the spray irrigation field. There are 598 units left to fulfill that commitment; then impact fees will come directly to the Town.
- TM Savage believes future developers' agreements should be standardized; it will take an Ordinance to change impact fees. The impact fees have no bearing on the budget; they are separate.
- TM Savage will fine-tune the budget before the Commissioners meet again.
- Concerning street aid, President Correll has talked with Representative Dave Wilson who believes only \$3 million will be approved.
- TM Savage advised Wawa will be moving forward next year. Their fees would probably total \$10-15,000. President Correll believes they will break ground this year.

### **Salary**

- Commissioner Mervine suggested giving employees the COLA and leaving out years-of-service and merit raises. He believes the Police promotions must go through. This would free-up \$12,000. He also suggested raising the meter fee back to \$7.00 to free up \$60,000 more.
- TM Savage would rather support a tax increase because the Water/Sewer Depts. do not have a shortfall. It was clarified an Ordinance would be necessary to raise fees of any type.
- TM Savage advised to offset the \$150,000 completely, the Town would have to raise taxes \$.60 (30% increase). The average house in Town would have a \$75-100 increase in taxes per year. Heritage Shores would have an approximately \$180 tax increase.
- President Correll suggested that TM Savage fine-tune the budget and review it with the dept. heads again for changes.
- TM Savage would like to schedule another Workshop after May 23<sup>rd</sup> and before the end of the month to finalize the budget.

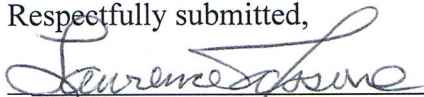
## **IV. EXECUTIVE SESSION**

The Commissioners went into Executive Session at 2:14 P.M. to discuss employee performance and salaries.

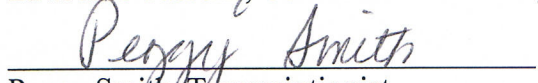
## **V. ADJOURNMENT**

The Commissioner came out of Executive Session and the meeting was adjourned at 2:19 P.M.

Respectfully submitted,



Lawrence Tassone, Commission Secretary



Peggy Smith, Transcriptionist